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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Daniel E. Logsdon Jr.  
Commissioner

July 10, 2015

**PARTIES OF RECORD**

Re: Case No. 2015-00139

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter. Any questions regarding this memorandum should be directed to David Spenard, Commission Staff Attorney, at (502) 782-2580.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

DES/ph

Attachment

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File No. 2015-00139  
**FROM:** David Spenard, Staff Attorney  
**DATE:** July 10, 2015  
**RE:** Informal Conference of July 8, 2015

Pursuant to the Commission Staff's July 7, 2015 notice, a telephonic informal conference was held in this matter on July 8, 2015 to discuss the status of and issues in this case. Attending the conference were:

David Edward Spenard	-	Commission Staff
Jonathan Beyer	-	Commission Staff
Ariel Turnbull	-	Commission Staff
Scott Lawless	-	Commission Staff
Randy Jones	-	Rubin & Hayes (Counsel for Beech Grove)
Shelia Murphy	-	Beech Grove Water Association
Michael Wahl	-	Beech Grove Water Association
Craig Martin	-	Shambaugh & Son/EMCOR
Deron Hawkins	-	Shambaugh & Son/EMCOR
Ron Cassidy	-	Shambaugh & Son/EMCOR
Paul L. Dijak-Robinson	-	Covenant Financial Services, Inc.
Steve Goehl	-	D.A. Davidson & Co.
Charlie Zitnik	-	D.A. Davidson & Co.

At the start of the conference, Mr. Spenard stated that Commission Staff would prepare minutes of the conference for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes. Mr. Spenard stated that the views of Staff were not binding on the Commissioners.

Staff stated that the legal standard for granting a certificate of convenience and public necessity ("CPCN") includes an analysis of whether the applicant has conducted a thorough review of all alternatives. Staff noted that the application is for the acquisition and installation of a complete advanced meter infrastructure ("AMI") system, and Staff observed that the record may not contain sufficient evidence regarding Beech Grove's review of alternatives. Representatives of Beech Grove Water Association ("Beech Grove") and representatives of the successful bidder discussed the issue at length with Staff.

Staff, referencing Exhibit G of the Application, discussed cash flow projections for the proposal. Representatives of Beech Grove and representatives of the successful bidder discussed the issue at length with Staff.

Staff noted that it had been examining KRS Chapter 45A including KRS 45A.352. Staff noted that it was considering the issue of whether Beech Grove is "a local public agency" within the scope of the statute. Staff stated that even if Beech Grove did not fall within the definition of KRS 45A.352, the statute could be considered as persuasive guidance.

Staff and Counsel for Beech Grove discussed KRS 278.300 and options regarding the application. The parties specifically discussed whether Beech Grove should withdraw its application without prejudice with the aim of refiling at a later date after conducting further due diligence into the issues raised.

There being no further business, the informal conference adjourned.

Attachment

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE BEECH GROVE WATER )  
SYSTEM, INC. FOR A CERTIFICATE OF PUBLIC )  
CONVENIENCE AND NECESSITY TO CONSTRUCT ) CASE NO. 2015-00139  
AND FINANCE A WATER IMPROVEMENTS PROJECT )  
PURSUANT TO KRS 278.020 AND 278.300 )

**SIGN IN**

July 8, 2015

PERSON

REPRESENTING

<u>David Edward Speward</u>	<u>PSC staff</u>
<u><i>[Signature]</i></u>	<u>PSC</u>
<u>Scott Lawless</u>	<u>PSC</u>
<u>Arnet Turnbull</u>	<u>DSC</u>
<u> </u>	<u> </u>
<u>See attached for listing of</u>	<u> </u>
<u>individuals participating by</u>	<u> </u>
<u>telephone.</u>	<u> </u>
<u> </u>	<u> </u>

PARTICIPATING BY TELEPHONE

PERSON

REPRESENTING

Randy Jones	-	Rubin & Hayes (Counsel for Beech Grove)
Shelia Murphy	-	Beech Grove Water Association
Michael Wahl	-	Beech Grove Water Association
Craig Martin	-	Shambaugh & Son/EMCOR
Deron Hawkins	-	Shambaugh & Son/EMCOR
Ron Cassidy	-	Shambaugh & Son/EMCOR
Paul L. Dijak-Robinson	-	Covenant Financial Services, Inc.
Steve Goehl	-	D.A. Davidson & Co.
Charlie Zitnik	-	D.A. Davidson & Co.

\*Beech Grove Water System, Inc.  
445 State Route 56 North  
Calhoun, KY 42327

\*Honorable W. Randall Jones  
Attorney at Law  
Rubin & Hays  
Kentucky Home Trust Building  
450 South Third Street  
Louisville, KENTUCKY 40202